

## The Federal Stimulus Bill and Health Information Technology in San Francisco

The American Recovery and Reinvestment Act (ARRA) that was signed into law by President Obama on February 17, 2009 includes nearly \$22 billion which has been designated specifically for Healthcare Information Technology. Of this total, \$2 billion will be channeled through the Office of the National Coordinator for Health Information Technology—part of the Department of Health and Human Services—over the next four years to establish and implement a nationwide interoperable health information technology infrastructure. The remaining \$19.8 billion is earmarked for incentive payments to eligible providers for implementation and ‘meaningful use’ of a certified electronic health record (EHR).

### Physician Incentives

Eligible practitioners include all office-based physicians caring for Medicare or Medi-Cal patients. Hospital-based physicians (hospitalists, radiologists) or office physicians with few to no Medicare/Medi-Cal patients (some pediatricians) will not be eligible for the incentive payments. Incentive payments will become available in 2011, are allocated in an incremental fashion over 3-5 years, and are maximized if an EHR is implemented by 2012. After 2012, the total available payment gradually decreases (Figure 1). If eligible professionals have not become meaningful users by 2015, they will see a reduction in their Medicare fee schedule by 1% in 2015, 2% in 2016, and 3% in 2017 and beyond. There have been suggestions that Medicare could more aggressively reduce fee schedules after 2017 to further accelerate adoption.

Incentive payments are distributed through standard Medicare reimbursements “equal to an additional 75% of the allowed charge for professional services furnished by physicians”. In real terms, a physician demonstrating meaningful use of a certified EHR would receive payments of 175% of the allowable for all Medicare patients until the incentive payment ceiling is reached for that year.

Medi-Cal providers are eligible for up to \$65,000 in incentive payments over 5 years—calculated as 85% of EHR purchase costs not exceeding \$25,000 in the first year, followed by 85% of the annual maintenance costs not exceeding \$10,000 for the next four years. Providers are defined as office-based professionals (including allied health providers) caring for at least 30% Medi-Cal patients, or office-based pediatricians caring for at least 20% Medi-Cal patients. Meaningful use must also be demonstrated to earn this payment.

	Date Meeting Eligibility Criteria				
	2011	2012	2013	2014	2015
2011	\$18,000				
2012	\$12,000	\$18,000			
2013	\$8,000	\$12,000	\$15,000		
2014	\$4,000	\$8,000	\$12,000	\$15,000	
2015	\$2,000	\$4,000	\$8,000	\$12,000	
2016	\$0	\$2,000	\$4,000	\$8,000	
<b>TOTAL</b>	<b>\$44,000</b>	<b>\$44,000</b>	<b>\$39,000</b>	<b>\$35,000</b>	<b>\$0</b>

10% increase in all payments for physicians serving in designated shortage areas

**Figure 1:** Medicare incentive schedule

'Meaningful use' is a broadly applied term which has yet to be fully defined. According to the ARRA legislation, eligibility will generally require the use of a certified EHR technology which enables electronic prescribing, electronic exchange of health information, and the ability to submit data on clinical quality and other measures as specified by HHS. A more formalized definition for meaningful use, as well as designation of a technology certifying body, is legislated to occur by December 31, 2009. Many feel that the Certification Committee for Healthcare Information Technology (CCHIT), an existing and widely recognized certification body, will be selected as the official certification organization.

### **Hospital Incentives**

On the hospital side, the incentive formula is more complex, but eligibility similarly includes a certified technology platform, as well as demonstration of 'meaningful use', generally defined by computerized order entry (CPOE), clinical decision support, data exchange capabilities, and quality measures reporting. Again, certification and meaningful use have yet to be fully delineated. Incentives are set up as payments through 2014, with penalties subsequently against CMS 'market-basket' updates. Preliminary calculations show the CPMC maximum total potential incentive to be approximately \$5 million over four years.

### **CPMC Strategy**

With significant constraints on capital across all Sutter Health regions and the inpatient EHR initiative on hold as a result, CPMC is focusing on deploying precious financial resources in support for its Foundation EHR implementation—which is proceeding on schedule—as well as its community strategy for EHR adoption among all non-Foundation medical staff.

San Francisco remains a very fragmented market with regards to EHRs, with over 40 different technology platforms deployed in practices around the city. In 2004, CPMC initiated a partnership with Brown & Toland Medical Group (BTMG) around their Allscripts EHR by developing a robust set of clinical results interfaces into the office-based EHR. CPMC and BTMG are now looking to expand their relationship as a means of increasing EHR penetration in physician offices in San Francisco. The Allscripts platform benefits from an experienced implementation team as well as multiple results interfaces from institutions and healthcare vendors around San Francisco. The pending agreement between CPMC and BTMG, targeted for completion in 2Q09, anticipates using CMS Stark Law relaxation rules to allow CPMC to subsidize implementation costs for all CPMC and St. Luke's Medical Staff in order to deploy a fully functional EHR into physician offices at an affordable price. It is likely that physicians opting for the purchase of this subsidized platform will also be eligible for federal stimulus funds, further reducing costs to the community practices; final rules pending.

The CPMC team is also very involved in the planning of Health Information Exchange (HIE) projects in California. A portion of the federal stimulus money will be allocated for such projects through state governments (perhaps as much as \$30 million in California). HIEs will use nationally defined interoperability standards and allow for information exchange between different EHR platforms in a

community. These exchanges are ideally the hubs through which all health information will flow, and will ultimately facilitate information exchange at a national level. CPMC has representation within the California eHealth Collaborative (CAeHC), a newly formed body which seeks to accelerate the development of HIEs through community collaboration. CPMC recognizes that some physicians have already invested in an EHR other than Allscripts, or may choose not to take advantage of a CPMC-BTMG offering. The goal of a San Francisco-based Health Information Exchange over the long term would be to enable all community physicians, regardless of EHR, to have access to the information they need for quality patient care. The creation of a San Francisco HIE will take a substantial amount of cooperative effort among San Francisco's healthcare providers, relying on Federal Stimulus money as well as guidance from the CAeHC and the State of California to help make it a reality. CPMC is committed to being a leader in the development of an HIE for the betterment of the health of citizens of San Francisco.

## Recommendations

With the broad outline of the ARRA around Healthcare IT formed and details for key definitions, procedures and standards to be defined by year end, CPMC advises its Medical Staff to:

- Watch for upcoming designations of the official technology certification body, as well as legislated definition of 'meaningful use'
- Maintain positive pressure on CPMC-BTMG leadership to develop an EHR plan that works for physicians
- Beware of unscrupulous sales pitches/vendors promising more than they can deliver or guaranteeing you access to ARRA stimulus money by buying their products. Avoid further community fragmentation.
- Be your own technology advocate by staying educated. The CPMC team can help

*This represents a very brief summary of the information available on this complex topic. Our team is planning a series of town hall meetings to further detail what is outlined here, as well as to answer any questions you might have. Further information to follow.*

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## Reference Links

<http://www.himss.org/EconomicStimulus/?src=hwbtpp>

Healthcare Information and Management Systems Society (HiMSS) economic stimulus page

<http://www.himss.org/content/files/HIMSSSummaryOfARRA.pdf>

ARRA Summary from HiMSS

[http://www.himss.org/EconomicStimulus/docs/HIMSS\\_FAQs\\_ARRA.pdf](http://www.himss.org/EconomicStimulus/docs/HIMSS_FAQs_ARRA.pdf)

ARRA FAQ from HiMSS

<http://www.cchit.org/>

Certification Commission for Healthcare Information Technology – most likely candidate to become the official certifying body for EHRs

<http://caehc.org/>

California eHealth Collaborative (CAeHC)

[www.recovery.gov](http://www.recovery.gov)

Official ARRA site

<http://www.hhs.gov/recovery/>

Department of Health and Human Services economic stimulus page

[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h1enr.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf)

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